Financing Agreement

(Sustainable Land Management Project II)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 10, 2013
CREDIT NUMBER 5318-ET

FINANCING AGREEMENT

AGREEMENT dated December 10, 2013, entered into between the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a Credit in an amount equivalent to thirty two million six hundred thousand Special Drawing Rights (SDR 32,600,000) (variously "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project which is described in Schedule 1 to this Agreement. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Co-Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Recipient has appointed a senior technical staff at MoA as the National Project Coordinator for the SLM Support Unit, with qualifications, experience and terms of reference satisfactory to the Association.

(c) The Recipient has adopted a Project Implementation Manual, including, inter alia, detailed Project implementation arrangements and institutional roles and responsibilities, detailed implementation schedule, financial management and reporting, procurement, monitoring and evaluation, and procedures for implementation of the Safeguards Instruments for the Project, all in form and substance satisfactory to the Association.

4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

4.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. Except as provided in Section 2.02 of this Agreement, the Recipient’s representative is the Minister responsible for finance and economic development.

5.02. The Recipient’s Address is:

Ministry of Finance and Economic Development
P. O. Box 1905
Addis Ababa
Ethiopia

Cable: MINFIN
Telex: 21147
Facsimile: (251-111) 551355

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By

[Signature]

AUTHORIZED REPRESENTATIVE

MINISTER

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

AUTHORIZED REPRESENTATIVE

Name: Guang Z. Chen
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to reduce land degradation and improve land productivity in selected watersheds in targeted Regions of the Recipient's territory.

The Project constitutes the second in a series of operations and consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time:

Part A: Integrated Watershed and Landscape Management

Scaling up and adoption of appropriate sustainable land and water management technologies and practices by smallholder farmers and communities in selected watersheds and Woredas in the Recipient's territory as follows:

1. Sustainable Natural Resource Management in Public and Communal Lands

Implementation of a set of environmental measures required for the rehabilitation of degraded lands with the aim of stabilizing the highland areas of the watersheds and increasing their ecological services and productivity mainly through the carrying out of, inter alia:

I. (a) construction and rehabilitation of communal access roads and paths; (b) on-the-ground roll out of the National Faidherbia Program; (c) creating markets for environmentally responsible stewardship; and (d) intercropping of cereals with a range of other alternative fertilizer tree species; and

II. (a) construction of water harvesting structures; (b) enhancing land productivity through selected agroforestry technologies/practices; (c) soil and water conservation measures; (d) treating degraded areas and gullies in individual and communal lands; (e) introducing forest and wood land management practices; (f) reforestation and afforestation through establishing central, communal and private nurseries; (g) introducing variety of plant species including fodder crops; (h) introducing biodiversity conservation techniques at community and individual farm levels; and (i) establishing and/or strengthening community level protected area system, conservation zones, communal reserves, groves, and wildlife corridors.
2. Homestead and Farmland Development, Livelihood Improvements and Climate-Smart Agriculture

I. Enhancing the income and livelihood of the communities and farmers through, *inter alia*, income generating and value added activities both at the homestead and farm level, through increased adaptation of the watershed to rainfall patterns and adverse climatic events, combined with reduced degradation-related risks to provide suitable conditions for adoption of improved, climate-smart farming practices.

II. Enhancing climate resilience through, *inter alia*: (a) promotion and adoption of conservation agriculture technologies; (b) construction and operation of small scale irrigation schemes; (c) integrating tree-food crop-livestock systems at the homestead; and (d) establishing pockets of wood stands at homestead level.

Part B: Institutional Strengthening, Capacity Development and Knowledge Generation and Management

Strengthening and enhancing capacity at the institutional level and building relevant skills and knowledge of key stakeholders including the Recipient’s agencies, research organizations and academia involved in the sustainable management of natural resources, as well as the private sector, community leaders and smallholder farmers, through:

1. Improvements to the NRM Policy Framework

Review, harmonization and revision of the legislative, policy and regulatory frameworks for sustainable land and water management at the federal, regional and Woreda levels with the aim to combat land degradation and encourage sustainable land and water management.

2. Institutional Strengthening and Capacity Development

(a) Development of capacity of relevant stakeholders, including relevant public sector organizations, research and academia, rural communities and smallholder farmers for successful implementation of sustainable and climate-smart land and water management activities.

(b) Development of a harmonized land information system and strengthening of the institutional and policy frameworks for georeferenced rural land administration, carbon stock sequestration in biomass and soils, land use and certification, participatory forest management and sustainable and climate resilient land and water management.
3. **Knowledge Generation and Management**

Enhancement of the knowledge and information sharing of stakeholders regarding the adoption of sustainable natural resource management, sustainable land and water management practices, climate-smart, agro-forestry and conservation agricultural technologies and practices in the selected watersheds in the Recipient's territory.

**Part C: Rural Land Administration, Certification and Land Use**

Improvement of tenure security of smallholder farmers through support of the ongoing program of the Recipient providing land certificates to landholders, by enhancing rural land certification and administration and local level participatory land use planning at watersheds or Kebeles, through:

1. **Rural Land Administration and Certification**

   Enhancement of security of tenure for smallholder farmers in watersheds under the Project, by supporting the process of awarding individual land certificates.

2. **Local level Participatory Land Use Planning**

   Preparation of local land use plans for decision making on the best uses of land and its resources for improved, alternative, sustainable and productive development at the grass root level.

**Part D: Project Management**

Provision of technical assistance and operating costs: (i) to support the operation of the SLM Project Support Unit including project management, and monitoring and evaluation of the Project; (ii) for all public agencies involved in Project implementation at the central, regional and district level; and (iii) for coordination with other SLM partners.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall ensure that the National SLM Steering Committee, National SLM Technical Committee, SLM Project Support Unit; Regional Bureaus of Agriculture (BoA), Woreda Offices of Agriculture (WoA), Woreda Watershed Development Committee (WWDC), and Kebele Watershed Development Committee (KWDC) are maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association so as to ensure prompt and efficient implementation of the Project.

Ministry of Agriculture (MoA)

Without limitation to paragraph 1 of this Part A, the MoA shall be responsible for Project coordination and implementation.

(a) National SLM Steering Committee

(i) Without limitation to paragraph 1 of this Part A, the National SLM Steering Committee ("the Steering Committee") shall be chaired by the State Minister for Natural Resources, MoA, and include representatives from the Ministry of Finance and Economic Development (MoFED), the Ministry of Environmental Protection and Forest (MoEPF), the Ministry of Water, Irrigation and Energy (MoWIE), the Ethiopia Institute for Agricultural Research (EIAR), and a representative of BoA.

(ii) The Steering Committee shall be responsible for: (a) establishing policy guidelines and providing overall oversight of Project implementation; (b) approving the annual Federal and Regional work program and budget; (c) approving the annual Procurement Plan; (d) reviewing the annual implementation performance report prepared by the SLM Project Support Unit; and (e) overseeing the implementation of corrective actions when necessary.

(b) National SLM Technical Committee

(i) Without limitation to paragraph 1 of this Part A, the National SLM Technical Committee and the task forces under it shall
include senior technical staff from MoA, MoFED, MoWIE, MoEPF, and EIAR and other relevant public and non-public sector organizations.

(ii) The National SLM Technical committee shall provide technical advice to the MoA on the quality of implementation reports and special studies such as policy documents, guidelines, documentation of best practices, and M&E reports.

(c) SLM Project Support Unit

Without limitation to paragraph 1 of this Part A, the SLM Project Support Unit at MoA shall be responsible for the day-to-day management of Project implementation, including: (a) preparing annual work plans and progress reports; (b) monitoring and supervising overall implementation progress and evaluation of Project impacts; (c) financial administration; (d) procuring goods and services; and (e) provision of administrative support to the National SLM Steering Committee and the National SLM Technical Committee.

(d) BoA

Without limitation to paragraph 1 of this Part A, the Bureau of Agriculture (BoA) shall lead the implementation of the Project at the Regional level. BoA shall approve and consolidate annual work plans and implementation of progress reports submitted by the Woredas.

(e) Woreda Offices of Agriculture (WoA) and Woreda and Kebele Watershed Development Committees

Without limitation to paragraph 1 of this Part A, the Woreda Offices of Agriculture (WoA) through the Woreda and Kebele Watershed Development Committees (WWDC and KWDC, respectively), and communities shall jointly undertake on-the-ground implementation of the Project. The WoAs, WWDC and KWDC shall assist communities to: (a) develop annual work plans and budgets; (b) facilitate community participation in watershed planning and rehabilitation; (c) training; (d) monitoring and evaluation; (e) dissemination of innovations in sustainable land management; and (f) implementation of the land certification and administration activities at the Woreda and Kebele levels.

B. Implementation Arrangements

1. Project Implementation Manual

The Recipient shall implement the Project in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided,
however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail, and, except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the Project Implementation Manual, if in the opinion of the Association, such amendment or waiver shall materially or adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. **Annual Work Program**

   (a) The Recipient shall prepare and furnish to Association for its approval, not later than March 31 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budgets containing all proposed Sub-projects to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association’s comments and views on the matter.

   (b) The Recipient shall cause each Woreda and Kebele to implement, monitor and evaluate its respective Sub-projects in accordance with the provisions set forth in this Agreement and in more detail in the Project Implementation Manual, and shall not make or allow to be made any material change to any Sub-project included in the approved Annual Work Plans and Budgets without consultation with the Association.

C. **Anti-Corruption**

   The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. **Safeguards**

   1. The Recipient shall implement the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:

      (a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument:

         (i) prepare (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable ESMF, SA and RPF; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental
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Social and Environmental Safeguard Instrument prior to implementation of the activity; and

(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument; and

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall for the Safeguards Instruments, including each Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with such Instruments including each Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementaion of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument; and

(c) remedial measures taken or required to be taken to address such conditions.

3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall regularly review the effective use of the Safeguards Instruments as part of the monitoring and evaluation system for the Project.

F. Subprojects

No proposed Subproject shall be eligible for financing under the Project unless such Sub-project has been selected in accordance with the procedures outlined in
the Project Implementation Manual and such proposed Sub-project satisfies the eligibility criteria specified in further detail in the Project Implementation Manual, which shall include, *inter alia*, that:

(a) the proposed Sub-project promotes sustainable land and water management practices, including contribution to increase in land productivity or water use efficiency, improvement of livelihoods and improvement of ecosystems; and

(b) the proposed Sub-project has fulfilled the requirements of any applicable Safeguards Instrument.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than sixty (60) days after the end of each financial quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have:

   (a) the Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions by an auditor with qualifications, experience and terms of reference satisfactory to the Association. Each audit of the Financial Statements shall cover the period of one Fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period;
(b) using the same auditor and as part of the financial audit, conducted interim audit at the middle of the Fiscal year focusing on internal controls and compliance issues. The Recipient shall submit to the Association an interim audit report no later than sixty (60) days after January 7 each year.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-Consulting Services

1. International and National Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International and National Competitive Bidding. National Competitive Bidding (NCB) shall follow the Recipient’s procurement procedures subject to the following additional procedures:

   (a) The Recipient’s standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Association.
(b) If pre-qualification is used, the Association's standard prequalification document shall be used.

(c) No margin of preference shall be granted in bid evaluation on the basis of bidder's nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.

(d) Mandatory registration in a supplier list shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.

(e) Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.

(f) All bidding for goods shall be carried out through a one-envelope procedure.

(g) Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

(h) The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding declared, or new bids shall not be solicited, without the Association's prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.

(i) In accordance with para.1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (2) Acts intended to materially impede the exercise of the Association's audit and inspection rights
constitutes an obstructive practice as defined in para. 1.16 a (v) of the Procurement Guidelines.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International and National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Direct contracting; (b) Community Participation procedures which have been found acceptable to the Association; (c) Shopping; and (d) Procurement from United Nations Agencies.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Single Source Selection; (b) Selection of Individual Consultants; (c) Least Cost Selection; (d) Selection Based on Consultants Qualifications.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance hundred percent (100%) (inclusive of Taxes) of Eligible Expenditures, consisting of Goods, Works, Non-consulting Services, Consultants’ services, Operating Costs, and Training under the Project, including Goods, Works, Non-consulting Services, Consultants’ Services, Operating Costs, and Training under Sub-projects.
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US$320,000 equivalent may be made for payments made prior to this date but on or after October 1, 2013, for Eligible Expenditures.

2. The Closing Date is April 7, 2019.

Section V. Other Undertakings

The Recipient shall appoint no later than three (3) months after the Effective Date a chief accountant, a senior accountant, an accountant at the federal MoA SLMP Project Support Unit, and sixty (60) mobile accountants at the Regions to cover both regional and Woreda level accounting assignments, all with qualifications, experience and terms of reference satisfactory to the Association.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15:</td>
<td></td>
</tr>
<tr>
<td>commencing March 15, 2024, to and including September 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>Commencing March 15, 2034, to and including September 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Definitions

1. “Affected Person” means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood.


3. “BoA” means the Recipient’s Regional Bureau of Agriculture.

4. “BoLAU” means the Bureau of Land Administration and Use.


6. “Co-financing Agreement” means collectively and separately: (a) the GEF Grant Agreement dated the same date as this agreement, between the Recipient and the International Bank for Reconstruction and Development acting as an Implementing Agency of the GEF; (b) the ESLM Grant Agreement dated the same date as this agreement, between the Recipient and IDA acting as administrator of the ESLM Trust Fund; and (c) the LDCF Grant Agreement dated the same date as this agreement, between the Recipient and IDA acting as administrator of the LDCF Trust Fund, all providing for the Co-financing.

7. “Co-financing” means: (a) an amount equal to eight million three hundred and thirty three thousand United States Dollars ($8,333,000) to be provided by the GEF; (b) an amount equal to forty million United States Dollars ($40,000,000) to be provided by the ESLM Trust Fund; and (c) an amount equal to four million six hundred twenty nine thousand United States Dollars ($4,629,000) to be provided by the LDCF Trust Fund, all to assist in financing the Project.


9. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s plan, dated August 28, 2013, that includes the set of mitigation, enhancement, monitoring, and institutional measures, to be taken during
implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts. The measures include inter alia: clear procedures and methodologies for the environmental and social assessment, review, approval and implementation of investments to be financed under the Project; appropriate roles and responsibilities, and necessary reporting procedures for managing and monitoring environmental and social concerns related to proposed Sub-projects; and practical information resources for implementing the ESMF.

10. “Environmental Management Plan” and “EMP” mean the plan to be prepared and adopted by the Recipient for each Sub-project, as provided in the Environmental and Social Management Framework (hereinafter defined) providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts under the proposed Sub-project, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association.

11. “Ethiopia Institute for Agricultural Research” or “EIAR” means the entity established by the Recipient pursuant to Proclamation No. 79/97, as amended to date.

12. “Fiscal Year” and “FY” mean the Recipient's fiscal year beginning July 8 and ending July 7 of the next calendar year.


14. “Kebele Watershed Development Committee” means the committee described in paragraph 1(e) of Section L.A of Schedule 2 of this Agreement or any successor thereto.

15. “Kebele” means the lowest tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.


17. “MoEPF” means the Recipient’s Ministry of Environmental Protection and Forests.


20. “National Faidherbia Program” means the Recipient’s initiative established in 2011, to plant one hundred million Faidherbia albida trees on small holder cereal croplands across the Recipient’s territory.

21. “National SLM Steering Committee” means the committee established for the coordination of activities to be carried out under the Project, and referred to in paragraph (a) of Section I.A.1 of Schedule 2 to this Agreement or any successor thereto.

22. “National SLM Technical Committee” means the committee established for the coordination of activities to be carried out under the Project, and referred to in paragraph (b) of Section I.A.1 of Schedule 2 to this Agreement or any successor thereto.

23. “NRM” means natural resources management.

24. “Operating Costs” means the incremental costs incurred by MoA, BoA, WoA, WoFED and all public agencies at the federal, regional and Woreda level based on annual budgets approved by the Association, on account of Project implementation, management and monitoring, including fuel and operation and maintenance costs for vehicles; stationary and sundries; advertising and office running costs including services of office machines and equipment; purchase of materials for workshops; office supplies; communication charges; and venues for workshops and Training.

25. “Pest Management Plan” or “PMP” means the plan included in the ESMF.


27. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 1, 2013, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

28. “Project Implementation Manual” means the manual referred to in Section 4.01(c) of this Agreement consisting of different modules setting out respectively, inter alia, the administrative, financial and accounting procedures; the procurement and disbursement procedures; the terms and conditions for related grant agreements and financing agreements, including procurement and accounting procedures; performance indicators to be used for the Project, procedures for the implementation of the Safeguards Instruments and other activities and arrangements to be used for the purpose of implementing the Project, to be adopted by the Recipient not later than the Effective Date, as the
same may be amended from time to time with the prior agreement of the Association.

29. "Region" means the following six Regional States: Amhara, Oromya, Tigray, SNNP, Benshangul Gumuz and Gambela within the Recipient’s territory as defined under the Recipient’s Constitution.

30. "Resettlement Action Plan" and "RAP" mean the plan approved by the Association for the Project, prepared by the Recipient on the basis of the RPF (as hereinafter defined) as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

31. "Resettlement Policy Framework" and "RPF" mean the document dated August 28, 2013, prepared by the Recipient and outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

32. "Safeguards Instruments" means the ESMF, SA, RPF, and any Supplemental Social and Environmental Safeguard Instruments.

33. "SLM Project Support Unit" means the unit established within the MoA for the coordination of activities to be carried out under the Project, as referred to in paragraph (c) of Section I.A.1 of Schedule 2 to this Agreement or any successor thereto.

34. "SLM" means sustainable land management.

35. "Social Assessment" and "SA" mean the document dated August 18, 2013, prepared by the Recipient and identifying and assessing the potential social impacts of the Project, evaluating alternatives, and proposing appropriate mitigation, management, and monitoring measures, defining specific measures to be implemented for vulnerable and underserved groups, through free prior informed consultations and broad community support, in order to protect them and to ensure that they be granted equal legal, financial and organizational opportunities under the Project, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.
36. "Sub-project" means a Sub-project to be carried out by the participating Woredas and Kebeles, communities and or farmers in accordance with the Project Implementation Manual.

37. "Supplemental Social and Environmental Safeguard Instruments" means any EMP, RAP, PMP or other supplemental social and environmental safeguard instruments as required under the terms of any of the ESMF, SA, or RPF.

38. "Training" means the Project-related expenses incurred by MoA, BoA, BoLAU, WoA, WoFED, WoLAU, and any public agency involved in the implementation of the Project based on annual budgets approved by the Association, for per diem, travel, purchase of Training materials and rental of facilities, and includes workshops and seminars.

39. "WoLAU" means the Woreda Office of Land Administration and Use.

40. "Woreda Offices of Agriculture" or "WoA" means the offices described in paragraph 1(e) of Section I.A of Schedule 2 of this Agreement or any successor thereto.

41. "Woreda Watershed Development Committee" or "WWDC" means the Committee described in paragraph 1(e) of Section I.A of Schedule 2 to this Agreement or any successor thereto.

42. "Woreda" means the third tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.

43. WoFED" means Woreda Office of Finance and Economic Development.